

(1) in subsection (a)—  
(A) in the heading, by striking “TEMPORARY”; and

(B) by striking paragraph (4) and and inserting the following:

“(4) to exchange through an independent third party, before awarding need-based financial aid to any of such students who is commonly admitted to the institutions of higher education involved, data submitted by the student so admitted, the student's family, or a financial institution on behalf of the student or the student's family relating to assets, liabilities, income, expenses, the number of family members, and the number of the student's siblings in college, if each of such institutions of higher education is permitted to retrieve such data only once with respect to the student.”; and

(2) in subsection (d), by striking “September 30, 1997” and inserting “September 30, 2001”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect immediately before September 30, 1997.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas [Mr. SMITH] and the gentleman from Massachusetts [Mr. FRANK] each will control 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. SMITH].

□ 1415

#### GENERAL LEAVE

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SMITH of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House concurs in the Senate amendment to H.R. 1866, the Need-Based Educational Aid Antitrust Protection Act of 1997, which I introduced last June. Mr. Speaker, I want to pause here to give special thanks to Joseph Gibson of the House Committee on the Judiciary for his good work on this legislation.

Mr. Speaker, beginning in the mid-1950's, a number of private colleges and universities agreed to award institutional financial aid; that is, aid from the school's own funds, solely on the basis of demonstrated financial need. These schools also agreed to use common principles to assess each student's need and to give essentially the same financial aid award to each of the students admitted to more than one member of the group.

From the 1950's through the late 1980's, the practice continued undisturbed. In 1989, the Antitrust Division of the Department of Justice brought suit against nine of the colleges engaging in this practice. After extensive litigation, the parties reached a final settlement in 1993.

In 1994, Congress passed a temporary exemption from the antitrust laws that basically codified the settlement. It allowed agreements to provide aid on the basis of need only; to use common prin-

ciples of needs analysis; to use a common financial aid application form; and to allow exchange of the student's financial aid information to a third party. It also prohibited agreements on awards to specific students. It provided for this exemption to expire on September 30, 1997.

To my knowledge, there are no complaints about the existing exemption. H.R. 1866, as introduced and passed by the House, would have made the exemption passed in 1994 permanent. It would not have made any change to the substance of the exemption.

The Senate amendment provides for a 4-year extension of the exemption and makes some minor technical changes to the information-sharing provision of the exemption. I would have preferred that we pass this bill as originally introduced, particularly with respect to the permanency of the exemption.

Despite my disappointment with the other body's shortening of the exemption, I am encouraged that they kept the provision of the original bill that struck the word “temporary” from the heading of the provision. I believe this represents an understanding that we will make the exemption permanent if no problems are reported with it during this 4-year extension. It is with that understanding that I am willing to accept the Senate amendment.

Mr. Speaker, the need-based financial aid system serves social goals that the antitrust laws do not adequately address; namely, making financial aid available to the broadest number of students solely on the basis of financial need. Without it, the schools would be required to compete, through financial aid awards, for the very top students. Those very top students would get all the aid available. That would be more than they need. The rest would get less or none at all.

Ultimately, such a system would serve to undermine the principles of need-based aid and need-blind admissions.

No student who is otherwise qualified ought to be denied the opportunity to go to the colleges involved because of the financial situation of his or her family. H.R. 1866 will help protect need-based aid and need-blind admissions and preserve that opportunity.

Mr. Speaker, I urge the House to suspend the rules and concur in the Senate amendment.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I congratulate the gentleman from Texas [Mr. SMITH], the chairman of the Subcommittee on Immigration and Claims. I agree with the legislation that the gentleman has introduced, and I share his regret that the Senate made it only a 4-year extension. There was no good reason for that.

But, Mr. Speaker, I also share the gentleman's view that the best thing

for us to do is to concur, so we can at least keep it going. The colleges deserve to have been supported by the Federal Government, not interfered with when this first came up.

As the gentleman from Texas very accurately explained, what we are talking about here is an effort by the colleges to put their scholarship money where the need is the greatest. Absent this kind of antitrust exemption, there would be pressures on them to bid for a few students, regardless of whether or not need existed, and that would take money away in a limited-resource universe that we live in, from students in great need.

Mr. Speaker, I thought it was a serious error when the Department of Justice years ago interfered here. Congress did the right thing by stepping in to protect the right of the universities to do this. We should be making it permanent, and the gentleman from Texas has taken the lead here in a very good way. Given that the Senate did not want to go along with the permanent extension, this is the best we could do and so we should do it.

Mr. Speaker, I yield back the balance of my time.

Mr. SMITH of Texas. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. FRANK] for his comments and for his support, since the gentleman was an original cosponsor of this legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. UPTON). The question is on the motion of the gentleman from Texas [Mr. SMITH] that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 1866.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment to H.R. 1866 was concurred in.

A motion to reconsider was laid on the table.

#### SPECIAL ORDERS

The SPEAKER pro tempore. The Chair will recognize Members for special order speeches, without prejudice to the resumption of legislative business.

#### THE PRESIDENTIAL AND EXECUTIVE OFFICE FINANCIAL ACCOUNTABILITY ACT OF 1997

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from California [Mr. HORN] is recognized for 60 minutes as the designee of the majority leader.

Mr. HORN. Mr. Speaker, I rise to speak on a bill that will improve the financial operations of the White House.

Last Thursday the Subcommittee on Government Management, Information, and Technology, which I chair,

marked up H.R. 1962, the Presidential and Executive Office Financial Accountability Act of 1997.

This bill will bring fiscal accountability to the highest office in the land. It received unanimous bipartisan support from the subcommittee and has been forwarded to the full Committee on Government Reform and Oversight for its consideration.

The vehicle for this essential reform is the Chief Financial Officers Act of 1990. The Chief Financial Officers Act was landmark legislation. It was bipartisan in nature, passed in a Democratic Congress by both Republicans and Democrats. It was inspired by the realization that billions of dollars are lost through waste, fraud, abuse, and mismanagement in the Federal Government.

Mr. Speaker, the waste stems in part from obsolete and inefficient financial management systems that fail to produce consistent and reliable information. Congress realized that this and related problems could be addressed through improved management and specifically through improved central coordination of internal controls and financial accounting.

The Chief Financial Officers Act was designed to help executive branch agencies improve their financial operations. It established leadership positions within the Office of Management and Budget, which is the President's management and fiscal responsibility agency to administer through the Federal Government his desires. The Office of Management and Budget dealt with these financial management issues, and included the Deputy Director for Management at that time.

The Chief Financial Officers Act also established the Office of Federal Financial Management within the Office of Management and Budget, and the position of controller to serve as the principal advisor to the Deputy Director for Management on financial management issues.

The act installed a chief financial officer and a deputy chief financial officer in every major department and agency. The chief financial officers oversee all financial management activities within their agencies and they report directly to the head of the agency on financial matters.

This high-level reporting is crucial. Financial management, like information technology, is a technical subject that many executives prefer to avoid. That is a bad habit that can lead to a wide variety of problems in any organization. The solution is to make certain that financial management has a place at the executive leadership table.

Mr. Speaker, chief financial officers are also charged with developing and maintaining an integrated agency accounting and financial management system, including financial reporting and internal controls. Furthermore, an agency's chief financial officer provides guidance and oversight of financial management personnel, activities, and

operations. This ensures in-house expertise on financial management. It also establishes a point of responsibility for all financial operations.

The chief financial officers prepare annual management reports for their agencies that are transmitted to Congress. They also prepare audited financial statements. These are submitted to the Office of Management and Budget. Beginning next year, the financial statements will be compiled by the Director of the Office of Management and Budget and the Secretary of the Treasury, and distilled into a government-wide audited financial statement. This will be a first in American history. Not since 1789 have we had one financial statement that reflected what happens in the executive branch.

Although implementation of the Chief Financial Officers Act is not yet complete, the act has already proved effective. The Chief Financial Officers Act brings fiscal discipline to the 24 executive branch agencies affected by it. Several agency chief financial officers have stated that the benefits agencies gain by strengthening internal controls and applying private business sector approaches to financial management and reporting far outweigh the costs and difficulties involved.

Given the importance of the Chief Financial Officers Act, it might surprise some people to learn that the law was never applied to the Executive Office of the President. Americans look to the White House for leadership of the executive branch. Procedures in the Executive Office of the President ought to embody the best practices of the public and private sectors for the administration of the executive branch. We have the right to expect that the White House will set a model of excellence in this regard.

Regardless of administration or party, White House offices have not consistently met that standard. The White House pays for equipment it no longer needs. It has even paid for items that were never delivered. In the last Congress we learned of egregious waste and abuse due to inadequate accounting controls. The White House Communications Agency, for instance, paid only 17 percent of its bills on time. The taxpayers were stuck for penalties and interest on the other 83 percent of its obligations. This is a dismal performance.

Recent news reports confirm the impression that financial controls at the White House are weak. For example, it was reported last month that the White House has had to take extraordinary action to avoid exhausting its annual staff travel budget several months early this year. That had already happened once before, but it was not revealed.

The cause of the problem is very simple: People like to travel and no one is telling them not to. As the President's spokesman acknowledges, staff accompanying the President are increasingly bloated because "people are taking se-

riously the inflated titles that they've been given." Those are the words of the White House spokesman.

The solution to this problem is to make certain someone in the White House has both the technical expertise to watch the books, and the authority to enforce limits on spending by working with the responsible executives in charge of the various offices that are part of the Executive Office of the President.

And that is the role of a chief financial officer. It is abundantly clear that the Executive Office of the President could benefit from the fiscal discipline imposed by the Chief Financial Officers Act. The Chief Financial Officers Act would bring accountability to the financial operations in the White House.

If there had been a chief financial officer in the White House, the unorthodox accounting practices that prevailed in the travel office and which were used by the White House to justify the firing of longtime, dedicated employees would not have been permitted. A chief financial officer would have provided the travel office manager with the guidance and expert advice that was sorely needed.

A chief financial officer serves as a control to prevent abuses of power, whether minor or serious—as in destroying financial records of national interest. The Presidential and Executive Office Accountability Act of 1997 would provide for the appointment of a chief financial officer in the Executive Office of the President. H.R. 1962 does so in such a way as to address White House concerns about the privacy of certain high-level information.

The Presidential and Executive Office Financial Accountability Act of 1997 would make the White House more accountable for its own operations. The chief financial officer would review and audit the White House's financial system and records. A system of internal control would be established to prevent and to correct errors. The chief financial officer would review and audit the White House's financial systems and records. This type of control has worked well in other Federal agencies, including the Department of Justice and the Central Intelligence Agency.

The substance of this bill passed the House of Representatives with overwhelming support last fall. It was the part of H.R. 3452, the Presidential and Executive Office Accountability Act, which passed the House by a vote of 410 to 5 on September 24, 1996. Unfortunately, as the 104th Congress raced to a close, the chief financial officer provision did not make it into law.

In the months since the House voted almost unanimously for this provision, its importance has become only quite clear. Many of the White House's financial systems are arcane. We are working with the relevant staff of the President in a cooperative, bipartisan way to increase this accountability. A good first step toward serious reform is to

hold the Executive Office of the President to the same standards of fiscal accountability as the various departments under the Chief Financial Officers Act. It is essential that the financial systems of the Executive Office of the President serve the President and his senior staff in an efficient and effective manner.

As the President and Congress work together to eliminate unneeded programs and make others fiscally more effective, it is essential that the highest public office in the land be an example of financial accountability.

□ 1430

I look forward to this legislation clearing the Committee on Government Reform and Oversight and coming before the House. I would hope that, as last year, this would be overwhelmingly passed on suspension.

#### REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 695

Mr. JONES. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 695.

The SPEAKER pro tempore (Mr. UPTON). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

#### TAX CUTS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from Wisconsin [Mr. NEUMANN] is recognized for 60 minutes.

Mr. NEUMANN. Mr. Speaker, I rise today to bring back information that I heard all over my district this weekend. We had a chance to travel and see my son who is a junior in college. I got a chance to talk to some of his friends at college as well as some of their parents. I thought I would come back today and relay some of the information regarding the tax cuts because they still seem to be generally misunderstood out there. They affect so many people in so many good ways, that this is good news that just plain needs to go out to the American people.

I would like to start today by going through the tax cuts, reminding all of my colleagues out there what is all in the bill as it relates to these tax cuts. And remember this is legislation that has actually passed Congress. This is now the law. The law has changed dramatically in terms of how much taxes are owed by families out there, by senior citizens out there. The tax laws have changed and they have changed dramatically.

I thought I would start today by re-vamping what is in the change in the Tax Code. Before I go into the specifics of this, I think it is important to also note that we are about to balance the budget for the first time since 1969. For all the folks out there saying how can

you both cut taxes and balance the budget at the same time, let me explain very simply that by curtailing the growth of Washington spending; that is, Washington spending grows less, that leaves more money available and it is simply being returned to the American people. So we are both balancing the budget and lowering taxes at the same time.

Let me go into some of the things that I found that my families out in the First District of Wisconsin were talking about and found very useful for their information. Let me start with the simplest one that is the most straightforward.

Each family with children next year 17 or younger gets a \$400 tax credit for each child. If we start there with the simplest one, what this really means is that in January of next year a family with children should go into their place of employment, they should lower the amount of tax dollars that are sent to Washington, DC, by \$33 per month per child. This is literally a change of where the money that our workers are earning, where that money is going to. In the past that \$33 came out here to Washington; now it should go into your take-home pay. But you have to go in and adjust the W-4 form in order to increase your take-home pay and decrease the amount of money that is coming out here to Washington.

The \$33 per month per child is very simply \$400, the tax credit per child, divided by the 12 months in the year. Starting with January of next year, a family with children should increase their take-home pay by \$33 per month for each one of their children. So if you are a family of five like ours, you have three kids 17 and younger, for example, you should increase your take-home pay by roughly \$100 per month starting next January. That affects approximately 550,000 Wisconsin families alone. But it does not end there.

Families saving up to send their children to college, there is a new education savings account and it works like this: A family with children can put \$500 per year into a savings account that will then accumulate interest tax free until the children are ready to go to college, called the education savings account.

I found that a lot of the grandparents were talking about this because a lot of times a birthday will come or Christmas and they will not quite know what to get the grandchildren for a gift. This makes a wonderful gift. The grandparents can literally put this money into the education savings account, and it works like an IRA for the kids. When the kids get to college, education age, they simply take the money out and use it to go to college.

Another one for families with kids already in college. If you have a freshman or a sophomore in college, virtually all freshmen and sophomores in college paying \$2,000 a year or more for room, board, and tuition will get a \$1,500 credit next year on their taxes. If

you have a freshman or a sophomore in college, it is a \$1,500 tax credit next year.

It works like this: It is 100 percent of the first \$1,000 of cost and 50 percent of the next \$1,000, or \$1,500 total out of a total cost of \$2,000.

So for most of the families and most of the college students I was talking to over in New Ulm, MN, most of those families will get a \$1,500 credit next year for the freshman and sophomore. If you are beyond the sophomore year, it is 20 percent of the first \$5,000, or in most cases it is \$1,000. So for freshmen and sophomores, the tax credit is \$1,500. For juniors, seniors, and beyond that, the tax credit is \$1,000.

And again, if you are not paying that much overall for your room, board, and tuition and total cost of going to college, it is prorated backwards. Freshmen and sophomores, virtually all of them that we talked to, would be eligible for the \$1,500 per year credit. Junior, seniors and beyond, many of them are going to be eligible for the full \$1,000, and some of them prorated amounts.

These are major changes in Tax Code policy that are going to allow our families with children and with college age children to keep more of their own money. Let me give you an example what we found.

Friends of ours from church, they have got one off in college, just started this year, is going to the same school as my daughter, Carthage College in Kenosha, WI. They have got two kids still at home. That family is eligible for \$1,500 for the student enrolled at Carthage and \$400 for each one of the two kids at home for a total of \$2,300.

Let me translate that again. In January of next year, this family should literally start taking home roughly \$200 a month more of their own money instead of sending it to Washington. Again, this is a family with a freshman who got \$1,500 for the freshman college credit, \$400 for each of the other two children still at home, for a total of \$2,300 that they keep in their house instead of sending it to Washington.

It was really interesting because when I talked to some of the folks out there they said, I do not have kids and, therefore, I am not eligible for any of this. A lot of those families found that they had stock that had appreciated in value. They were going to sell that stock. Of course the capital gains rate has been reduced from 28 to 20 percent. Again, I pause in between. This is not Washington jargon. This is the law. This has been passed. It has been changed. The benefit is there. It is on the books. The capital gains tax rate has been reduced from 28 percent to 20 percent, if you sell stocks or bonds or whatever else it is you might have in that portfolio. I caution folks, take a good look at this, because there are time limits on how long you have to have held the investment.

Let me go to another one that a lot of folks did not realize. This affected